

Technical Note
Gross Domestic Product, Second Quarter 2001 (Final)
September 28, 2001

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release; the note also provides some perspective on the estimates. Additional material will become available in the next several days; much of it will be posted to BEA's Web site <www.bea.doc.gov>. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*. The *Survey* also will provide a more detailed analysis of the estimates ("The Business Situation").

Real GDP (revised): Real GDP is now estimated to have increased 0.3 percent in the second quarter of 2001, 0.1 percentage point more than in the preliminary estimate; real GDP increased 1.3 percent in the first quarter of 2001. The second quarter's 0.3-percent increase is the weakest showing for GDP since the first quarter of 1993, when it decreased 0.1 percent.

As in the preliminary estimate, the change in real GDP reflected growth in consumer spending and government spending that was largely offset by decreases in business investment and exports.

Prices (revised): The chain-type price index for gross domestic purchases increased 1.3 percent in the second quarter, 0.1 percentage point less than in the preliminary estimate. This index increased 2.7 percent in the first quarter.

Corporate Profits (revised): Profits from current production decreased 3.8 percent (quarterly rate) in the second quarter following a decrease of 6.8 percent in the first; the revised second-quarter estimate is 0.2 percentage point more of a decrease than in the preliminary estimate. Second-quarter 2001 profits were 14.9 percent lower than in the second quarter of 2000. The current-production measure of profits differs from profits as they are reported in corporate financial statements. It excludes non-operating items, such as special charges and capital gains and losses, and values depreciation of fixed assets and inventory withdrawals at current cost, rather than at historical cost.

Domestic corporate profits in the second quarter were reduced about \$19 billion by the effects of Tropical Storm Allison and other severe storms. Benefits paid by insurance companies reduced profits by about \$18 billion, and uninsured corporate losses reduced profits by about \$1 billion.

Source of Revisions

The small upward revision to second-quarter real GDP primarily reflected a downward revision to real imports of services, which reflected revised and newly available BEA survey data.

The small downward revision to the price index for gross domestic purchases primarily reflected downward revisions to prices for PCE services. The implicit price for imputed financial services was revised down based on newly available FDIC call report data, and the implicit price for brokerage and investment counseling was revised down based on newly available SEC data on commissions.

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